

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1923 - SB 1991

February 21, 2020

SUMMARY OF BILL: Requires rural electric cooperatives (co-op) installing, operating, or using equipment that delivers electricity to one or more customers to comply with relevant national standards. Establishes that any equipment that delivers electricity to one or more customers is subject to inspection by the state electrical inspector.

Requires a rural electric co-op to notify the applicable non-consumer owned or public electric system before transmitting electricity to one or more customers through a power distribution grid so the non-consumer owned or public electric system may be present for testing.

Establishes that a non-consumer owned or public electric system is not liable for any fines, penalties, injuries, or damages arising from a rural electric co-op's installation of electric equipment.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$67,000/FY20-21

\$48,700/FY21-22 and Subsequent Years

Increase State Revenue – Exceeds \$10,000/FY20-21 and Subsequent Years

Assumptions:

- According to the Department of Commerce and Insurance (DCI) Division of Fire Prevention rules for electrical installations, Chapter 0780-02-01, any installation of electrical conductors is subject to national standards to be accepted as satisfactory by DCI.
- Inspections of electrical installations are conducted by Deputy Electrical Inspectors (DEIs) contracted by DCI, for a fee determined by the total ascertainable ampere capacity of the installation.
- The proposed legislation requires such installations to be conducted by state electrical inspectors only.
- DCI will require one additional state Electrical Inspector 1 position to cover the additional inspections that were previously required of contracted DEIs.
- A recurring increase in state expenditures of \$48,666 (\$31,644 salary + \$11,822 benefits + \$400 remote connection for computer + \$4,800 vehicle lease) beginning in FY20-21.

- A one-time increase in state expenditures of \$18,300 (\$1,000 computer + \$17,300 initial vehicle cost) in FY20-21.
- A total increase in state expenditures of \$66,966 (\$48,666 + \$18,300) in FY20-21.
- An increase in state expenditures of \$48,666 in FY21-22 and subsequent years.
- Electrical inspection fees are determined by the total ascertainable ampere capacity of the installation; therefore, a reasonable estimate of a revenue increase to the state cannot be determined. However, it is not estimated that installation revenue will exceed the expense of hiring an additional electrical inspector.
- A recurring increase in state revenue for electrical inspection fees, beginning in FY20-21, estimated to exceed \$10,000.
- Rural electric co-ops notifying the non-consumer owned or public electric system before an electric installation will have no significant impact to the policies or procedures of public electric systems or local government.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Currently, electrical inspections are conducted by DEIs. The proposed legislation would require such inspections to be conducted by state electrical inspectors.
- Fees for any installation are determined by the total ascertainable ampere capacity of the installation; therefore, inspection fees will not significantly increase for rural electric co-ops.
- Rural electric co-ops can notify the non-consumer owned or public electric system before an electric installation within existing resources.
- No significant impact to jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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